

ARTICLE APPEARED  
ON PAGE B-2

WASHINGTON POST  
4 August 1985

# New Breed of Security Firm Caters To Special Needs of Corporations

## Cases Range From Handling Ransom Demands to Plant Security

By Peter H. Stone  
Special to The Washington Post

Since the late 1970s, when it launched a \$300 million-plus project in the Colombian province of Cordoba, the Hanna Mining Co. has been concerned about the security of its personnel in the region.

Colombia has had its share of violence—guerrilla attacks, government crackdowns on dissidents, and a crime wave linked to the burgeoning cocaine trade—but Hanna believed the plant was worth the risk and proceeded with construction—but cautiously.

Hanna hired Ackerman & Palumbo Inc., a Miami security consulting firm run by two veterans of the CIA's clandestine services who have played a key role in advising the company on a host of security questions over the last six years. Donald Nelson, director of international operations at Hanna, says Ackerman & Palumbo produced a number of "threat assessments" for the company based on its on-site inspections.

"We used them as a source of reference for finding a full-time security director for the plant," Nelson explains. "They also advised us on the size of the guard force, and we've used them for intelligence gathering. . . . We use these consultants mainly to make sure that our own people are secure."

Hanna Mining is hardly alone in its concerns about the safety of overseas personnel and plants. Nor is it the only multinational company to turn to Ackerman & Palumbo for help.

International Paper Co. solicited the consultants' security advice for its headquarters in New York a few years back.

"They had a lot of input about designing our security system," said Henry Bertelsen, International Paper's corporate security manager. And American Can Co. executives read the consultants' reports regularly to assess risks in countries where they have operations.

By its own account, Ackerman & Palumbo has about 250 clients, most of them Fortune 500 companies, and for whom the partners provide a panoply of services including protection, investigation and the handling of kidnapping and ransom negotiations, should the need arise. Ackerman & Palumbo's fees begin at \$750 a day and E. C. (Mike) Ackerman boasts that the 8-year-old firm now does about \$4 million in business a year—or double that of a few years ago.

Increasingly, big companies are turning to Ackerman & Palumbo—or such competitors as Control Risks Ltd., Paul Chamberlain International or International Risks—for help with an array of security problems. Although the initial objective was to protect U.S. executives and plants overseas, chief executive officers now are seeking advice from security consultants on a much wider range of issues, including financial security threats posed by corporate takeovers, joint ventures and white-collar crime at home.

While Ackerman & Palumbo still does about 75 percent of its work abroad and counter-terrorism remains its stock in trade, Ackerman estimates that about 15 percent of his business now involves white-collar issues. By contrast, Chamberlain says that most of his work is based in the United States and that the hottest area today is white-collar crime, which he calls "rampant."

These consultants offer clients a Chinese menu of services, including reports detailing the latest social and political conditions in various countries and personal consultations with CEOs. While the consultants would not reveal their clients' names, they said they sometimes serve as liaisons with the FBI here and law enforcement officials abroad, and in some cases they take the lead in negotiations with kidnappers.

Most of the consulting firms are staffed by former CIA and FBI officials, many of whom say they have kept up close contacts with their former associates. Ackerman boasts: "We've got very good relations with the local police in Colombia, Guatemala and El Salvador." And Chamberlain, an FBI veteran of some 20 years, says his firm is basically "an adjunct to law enforcement. We're middlemen and hand-holders. . . . If you've got a bunch of old friends in the FBI, it helps a lot."

These credentials have impressed many insurance companies offering kidnap and ransom insurance.

Since 1970, when the American Insurance Group offered the first kidnap and ransom policies in the United States, other leading insurers, including Lloyds of London, Chubb and Son Inc. and Professional Indemnity Agency, have followed suit. One insurance executive estimates that the market for kidnap and ransom insurance is now slightly under \$100 million a year. Further, many insurers have established retainer relationships with consultants, whose services are included as an option on policies: Lloyds uses Control Risk, Chubb uses Ackerman & Palumbo, Professional Indemnity Agency uses Chamberlain International and the American Insurance Group has just retained a British consultant called Argen.

A brief look at several of the

Continued